

**CHILDREN AND YOUNG PEOPLE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 6**

DATE: 9 September 2014

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2014/15

Ward(s) All

Portfolio:

Councillor Cassidy – Children and Young People

Summary of report

This report summarises the predicted revenue and capital outturn position for 2014/15, based on the performance for quarter 1 (to end of June 2014), for services within the remit of the Children and Young People's Panel.

Recommendation

To note the 2014/15 forecasted year end financial position for services under the remit of the Children and Young People's Panel is a net revenue overspend of **£1.215m** after the use of approved reserves and carry forwards and action planning and that further action is being worked on to mitigate the remaining financial overspend. The capital programme is forecast to be a net capital underspend of **£6.7m**, which reduces to a net capital underspend of **£0m** after carry forward requests are taken into account.

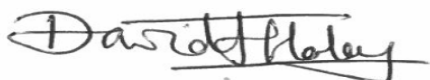
Background papers

Various financial working papers
2014/15 Budget Book

Reason for scrutiny

To inform the panel of the forecasted financial position for 2014/15 within the remit of this panel.

Signed:



CFO: James Walsh
Date: 2 September 2014

Executive Director: David Haley
Date: 2 September 2014

Resource and legal considerations

Services are required to manage their services within budget. Overspends may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report. Any corporate overspend will require replenishment in year or as part of the 2015/16 budget.

Citizen impact

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget. Corrective action plans are in place to mitigate overspends within service. Variances against budget are identified in the report.

Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation

Senior managers within the services have been consulted and have signed off the forecast as accurate.

Contact Officers:

D.Mortiboys, Senior Finance Manager,

☎ 01922 652328

mortiboysd@walsall.gov.uk

1 Forecast Revenue Outturn 2014/15 – Children and Young People

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Children and Young People's Panel (based on the position as at the end of June 2014) is an overspend against budget of **£1.215m** (net of the use of earmarked reserves and action plan). The outturn shown is based on actual information from the Oracle system and discussions with budget holders regarding year-end forecasts and achievement of approved savings. Children's services are continuing to develop action plans and reduce expenditure to balance the budget across the service. Further details will be produced for future scrutiny reports. The action plan at the end of June identified **£2.898m** of potential action. **£1.358m** of these actions were achieved as at the end of June, **£164k** will not be achieved and **£1.376m** still needs to be achieved.
- 1.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where overspends are predicted, managers are tasked to identify remedial action that can be made within the service and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise any forecast overspends within the service and to manage additional risks as they arise.
- 1.3 The predicted outturn includes use of reserves of **£1.045m** and transfer to reserves of **£0.m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance).
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.5 Within the services associated with the panel there are a number of risks around uncontrollable demand which are estimated as **£0.792m**. At this stage the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become certainties then alternative action will need to be identified. A summary of the risk assessment is attached as **Appendix 2**.
- 1.6 Included within the directorate budget are approved investments and savings, as approved by Council on 27 February 2014, totalling **£0m** and **£5.109m** respectively. A full breakdown of these can be found in the 2014/15 Children and Young People's budget book. Any savings that are not able to be achieved in year are required to have alternatives identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.
- 1.7 Given the current forecast overspend of £1.215m (after achievement of an action plan to be implemented of £1.376) further work will be done across the Directorate to identify further potential mitigation and additions to the action plan. This will be reported to next scrutiny meeting.

Table 1– Forecast Revenue Outturn 2014/15

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance £'000	Year End Forecast £'000	Year End Variance £'000	Use of reserves £'000	Variance after Reserves / Action Plan £'000
Prevention and Targeted Services	13,209	3,302	2,791	(511)	12,848	(361)	(582)	(943)
Specialist Services	32,697	8,174	8,666	492	35,535	2,838	(403)	2,435
Education	3,000	750	1,747	997	2,783	(217)	(60)	(277)
Total for Children and Young People	48,906	12,226	13,204	978	51,166	2,260	(1,045)	1,215

2 Forecast Capital Outturn 2014/15 – Children and Young People

2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of July 2014) is underspend against budget **£0m** after carry forward requests of **£6.734m**. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

2.2 The underspend and carry forward are planned actions. Three of the funding streams that are being carried forwards are ring fenced to education and are designed to be used over multiple financial years. The other three relate to projects that have been delayed and are intended to be completed in 2015/16.

Table 2 – Summary of Capital Programme – Quarter 1 2014/15					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Requested Carry Forward to 2015/16 £'000
Council Resources					
Specialist services	617	22	617	0	0
Education	3,123	45	3,123	0	0
Total Council Resources	3,740	67	3,740	0	0
Externally Funded					
Prevention and Targeted	704	0	704	0	0
Specialist services	20	0	20	0	0
Education	17,167	772	10,433	(6,734)	(6,734)
Total Externally Funded	17,891	772	11,157	(6,734)	(6,734)
Total Children and young People's Capital	21,631	839	14,897	(6,734)	(6,734)

Appendix 1 - Reasons for revenue forecast		
Service	Variance £'000	Explanation of Year End Forecast
P&T Mgmt	(148)	Mainly due to underspends on vacant posts (£172k), transport (£7k), supplies & services (£29k), professional fees (£39k), conference costs (£10k) and private contractor fees (£28k) offset against overspends on agency/consultancy £137k
Corporate Parenting	728	The main reason for the overspend in this area is LAC the budget for 14/15 was based on the idea of LAC numbers reducing from 590 to 560 during the financial year and the mix of placements using an increased amount of internal resource, as at the end of June the number of LAC placements were 616, however an action plan is in place to reduce the number and the mix of placements to 591 by March 2015. Further information is included in Appendix 4 .
Vulnerable Children	1,475	At the end of June there were 51 agency staff, 32 are covering vacant posts, 8 are covering sickness, secondments and maternity, the remaining 11 are additional to establishment. There is an action plan in place to reduce the number of agency staff by November by 8.
IYPSS	(295)	Mainly due to action plans in progress, (£100k) of admissions costs to be funded through DSG, (£95k) saving on prospects contract and teen pregnancy reduction, (£74k) reduction in youth work positive activities expenditure, (£40k) reduction in salary costs within the YOU team. Offset by staffing overspends in Youth Justice.
Prevention	(500)	Mainly due to action plans in progress (£107k) release of reserve for children centres due to earlier than expected implementation of changes, (£150k) reduction in early years expenditure, (£240k) increase in troubled families grant offset by £13k small overspends across the service.
Safeguarding	200	Overspend due to agency staff, as at July 14 there were 4 agency staff, 1 covering vacant post, 1 covering sickness and 2 additional to establishment.
Education	(277)	Mainly due to action plans in progress, (£70k) additional income from schools, (£175k) change in utilisation of SEN Grant to fund 3 posts, (£32k) in year saving due to staffing restructure within Virtual School.
Specialist Services Mgmt	32	Mainly due to overspends within Children with disabilities, £90k equipment, £285k agency staff (2 covering vacant posts, 1 covering part year maternity, 1 covering part year secondment, 2 over establishment), £37k DPSO charges offset against underspends on direct payments (£86k), employees (£83k), short breaks (£97k) and additional contribution from the CCG (£117k).
Forecast outturn	1,215	

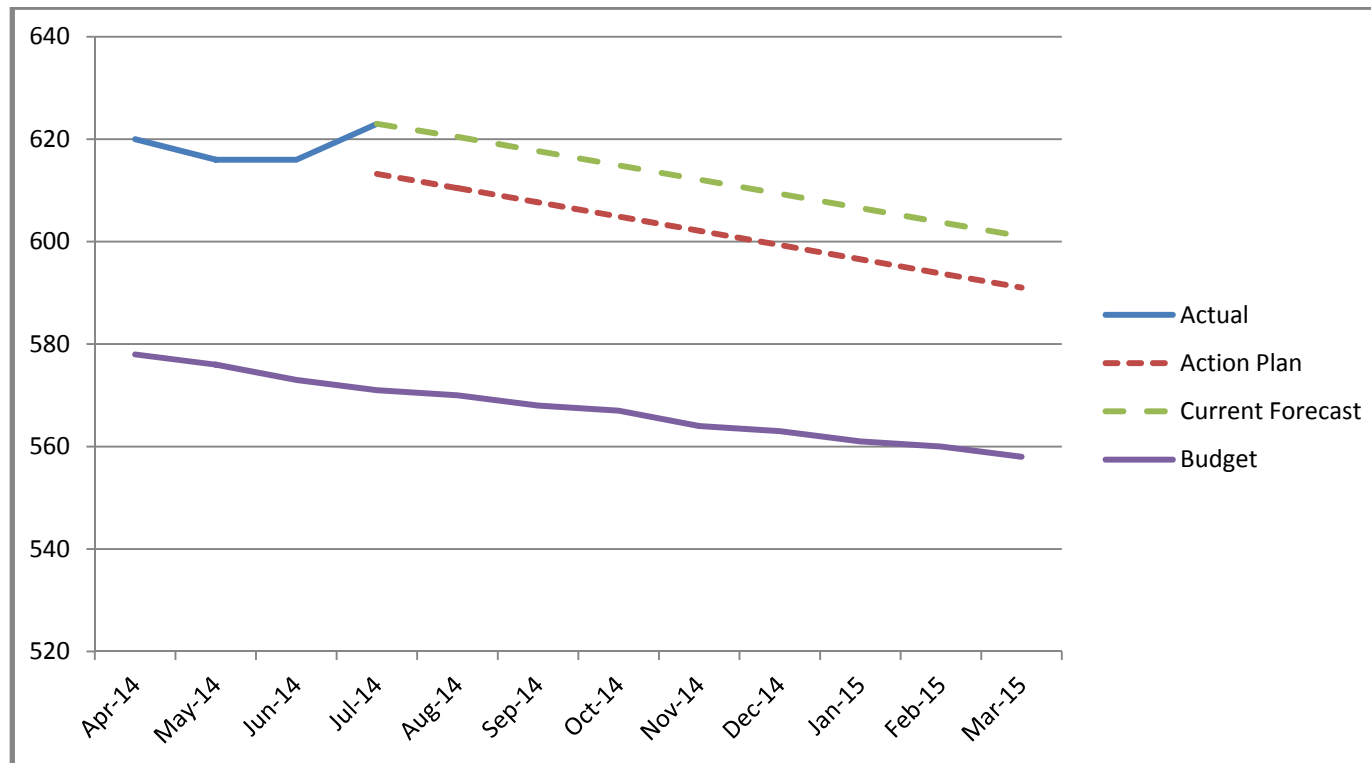
Appendix 2 – Financial Risks	Highest Cost £'000	Assessment of Risk	Total Financial Exposure to Risk £'000
Potential Risk			
No reduction in LAC placements and change in mix during 14/15,	924	High	554
No reduction in agency staff during 1415	396	High	238
Total Children and Young People's Risks	1,320		792

Appendix 3 - Summary of 2014/15 Capital Programme

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Carry Forward to 2014/15 £
<u>Council Resources</u>					
<u>Specialist Services</u>					
Integrated children's system	66,813	0	66,813	0	0
Social IT Systems Review & Enhancement	550,000	22,374	550,000	0	0
<u>Education</u>					
Barcroft - (Elm Street/Albion Road) Targeted capital	190,485	0	190,485	0	0
Rushall Primary/EDC Alterations	2,650,000	40,504	2,650,000	0	0
Barcroft Primary Toilet Block	8,507	0	8,507	0	0
Barcroft Primary additional classroom	274,077	4,125	274,077	0	0
Total Council Resources Capital	3,739,882	67,003	3,739,882	0	0
<u>Externally Funded</u>					
<u>Prevention and Targeted</u>					
Myplace Young Peoples Centre	36,694	0	36,694	0	0
2 year old capital	667,160	0	667,160	0	0
<u>Specialist Services</u>					
Pathfinder short breaks (disabled children)	20,381	0	20,381	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	117,517	275	117,517	0	0
Academies	2,901,803	318,292	2,571,647	(330,156)	(330,156)
Barr Beacon language college - s106	5,201	868	5,201	0	0
Basic need	5,049,511	0	2,735,276	(2,314,235)	(2,314,235)
Black Country University Technical College (UTC) - Phase 2	21,346	0	21,346	0	0
Capital maintenance	6,252,971	417,032	3,414,428	(2,838,543)	(2,838,543)
Devolved capital	2,121,226	35,117	869,999	(1,251,227)	(1,251,227)
Universal Infant Free School Meals	697,816	0	697,816	0	0
Total Externally Funded Capital	17,891,626	771,584	11,157,465	(6,734,161)	(6,734,161)
Total Children and Young People's Capital	21,631,508	838,586	14,897,346	(6,734,161)	(6,734,161)

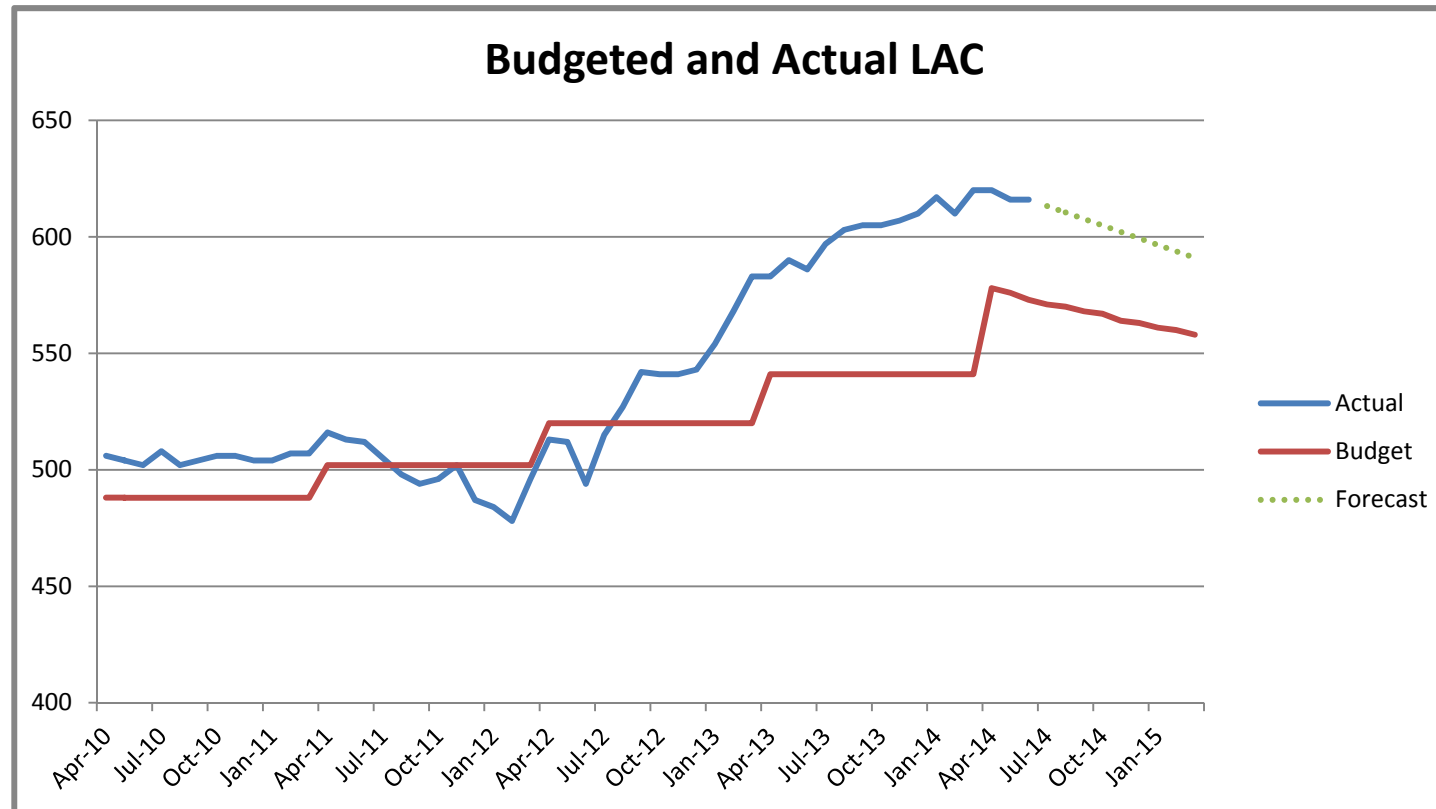
Appendix 4

Graph - LAC Numbers in 2014/15



- The graph shows the numbers actually recorded in blue
- This compares with the budget which is the purple line
- The Action Plan shows what needs to be achieved to meet the current financial forecast
- The current forecast is the line of where it is believed numbers will be based on operational information
- The financial impact of LAC costs is not only about numbers of children but can be impacted by the different type of placements children have, this graph does not take that into account.

5 year LAC trend



- There has been increased LAC numbers almost continually since April 2010
- The budget has allowed for increased numbers every year in the last 5.